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ABSTRACT

The working poor are typically defined by researchers as individuals who work at least part of the year and earn less than a given percentage of the federal poverty level. This definition tends to understate the problem. In 1997, 15.8 million employed parents had incomes below 200 percent of the federal poverty level. The federal Earned Income Tax Credit (EITC) can raise a full-time, minimum-wage earner's income above the poverty level, but one fifth of eligible families do not participate in EITC. Medicaid and many health insurance programs are available for the working poor and their families. Some families may even qualify for food stamps, housing assistance, child-care subsidies, and other programs. The working poor need information, assistance, skills to manage existing resources effectively, and training for a better job. Providing working poor individuals with information about available resources is an important first step. Educational efforts should focus on life skills to better balance the demands of work and family and technical or vocational training leading to a better job. Programs need to provide accurate information to employers about assistance and support available in their community for the working poor. Employers should be encouraged to provide health insurance, retirement plans, and education to help employees maximize the benefits to which they are entitled. Working poor issues are community issues. Communities must have an infrastructure in place that supports working parents and provides opportunities for advancement. (TD)

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THE RURAL SOUTH: Preparing for the Challenges of the New Century

Sponsored by the Southern Rural Development Center, the Farm Foundation, the TVA Rural Studies Program at the University of Kentucky, the USDA Economic Research Service, and the 29 Southern land-grant institutions.

Promoting upward mobility for the working poor

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Throughout the rural South, working families with and without marketable skills struggle to make ends meet. Estimates of the extent of the problem vary, depending upon where one draws the line separating the working poor from their more affluent counterparts. Regardless of how you define the audience, the working poor are a population in need of considerable support to help them move up the economic ladder. This article provides a framework for outreach to facilitate the upward mobility of the working poor in communities throughout the rural South.

Researchers and government agencies typically define the working poor as individuals who work at least part of the year and earn less than a given percentage of the federal poverty level. For example, the Bureau of Labor Statistics defines the working poor as individuals who spent at least 27 weeks in the labor force during the year with income below 100 percent of the official poverty threshold [7]. These measures tend to understate the problem by excluding individuals who wanted to work but were unable to find jobs. Moreover, many individuals who struggle to make ends meet and lack skills (or resources to obtain skills) for better paying jobs may earn significantly more than poverty-level wages. For this discussion, the working poor includes a much larger population than official measures would suggest. It includes any individual who, despite work, cannot achieve financial stability and some level of economic security.

By objective measures, many working poor individuals appear to be making it. They may never have relied upon public assistance, or perhaps relied upon it for only a short time between jobs. While they may earn higher than poverty level wages, their quality of life is not dramatically different from individuals with less income. They often live from paycheck to paycheck, struggling to make ends meet. Some feel trapped in dead-end jobs. Many are parents struggling to manage the conflicting demands of breadwinner and nurturer. Guyer and Mann noted that in

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1997 there were 15.8 million employed parents with incomes below 200 percent of the federal poverty level [2]. In the rural South, this is a significant population with limited prospects for moving up the economic ladder (see Table 1).

Improving prospects for upward mobility for the working poor requires a multifaceted approach. The working poor need information, assistance, skills to manage existing resources effectively, and training for a better job. Efforts need to include both information outreach and education strategies. Information outreach means making sure the working poor know about available resources and how to access them. Educational efforts should focus on life skills to better balance the demands of work and family, along with technical or vocational training leading to a better job.

> "The working poor need information, assistance, skills to manage existing resources effectively, and training for a better job."

Moreover, efforts to facilitate the move to self-sufficiency need to target several specific audiences. The primary audience is working poor individuals and families. Because the working poor have little time for attending educational programs and workshops, targeting employers provides an alternative means of reaching the primary audience. Successful efforts will also need to target community organizations and the public with information and education about issues faced by the working poor. The following strategies provide a framework for addressing such issues.

Table 1. Working Parents in Families with Income Below 200% of Poverty Lacking Health Insurance, Mid-1990s [2]

	Number of working parents below 200% of poverty	Number without health insurance	Percent without health insurance	90 % Confidence Interval[a]	
				Low	High
Alabama	274,000	78,000	28.6	18.4	38.8
Arkansas	248,000	86,000	34.7	26.2	43.3
Florida	859,000	328,000	38.1	32.1	44.2
Georgia	494,000	216,000	43.7	33.9	53.5
Kentucky	267,000	105,000	39.4	28.7	50.1
Louisiana	321,000	115,000	35.9	26.3	45.6
Mississippi	255,000	78,000	30.8	22.2	39.3
North Carolina	415,000	137,000	33.1	24.8	41.4
Oklahoma	268,000	85,000	31.7	22.8	40.6
South Carolina	254,000	87,000	34.2	22.9	45.5
Tennessee	415,000	106,000	25.5	16.3	34.8
Texas	1,639,000	798,000	48.7	43.6	53.7
Virginia	356,000	99,000	27.7	17.1	38.3
United States	16,060,000	5,410,000	33.7	32.3	35.1

[a] There is a 90 percent chance that the actual uninsured rate among working parents below 200 percent of the poverty level, if it were determined from a survey of all households, would fall in the range defined by the low-end and high end estimates of the 90 percent confidence interval. The confidence interval is higher in states with smaller sample sizes.

Source: CBPP tabulations of Census Bureau's March Current Population Survey data from 1996-98. Data are collected for 1995-97. Based on parents living with children between the ages of 18 and 65 in families with income below 200 percent of poverty and in which the parents worked a combined total of more than 13 weeks a year. Due to rounding error, the uninsured rate presented in column 4 may not equal the quotient of columns 2 and 3.

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Information Outreach for Workers

While many resources are available, evidence suggests significant numbers of eligible workers are not accessing them [5]. Workers may lack awareness that these resources exists, or believe they are not eligible to receive them. Connecting working poor families to available resources is an important first step. Communities need to develop and disseminate educational materials that inform the working poor about financial and in-kind support available at federal, state, and local levels. To encourage upward mobility, these materials should emphasize training and educational opportunities along with information about financial aid.

Federal, state, local, private, and public organizations offer a variety of services for which many working poor remain eligible. At the federal level, the Earned Income Tax Credit can raise a full-time, minimum wage-earner's income above poverty level. National studies of EITC participation rates suggest that one fifth of eligible families do not participate [6]. However, over half of EITC recipients are in the higher end of the EITC income scale suggesting that rates for subgroups may be much lower. A California study found that the participation rate for single mothers was close to fifty percent [3].

Medicaid coverage is available for children in many working poor households. Several states also have health insurance programs for uninsured workers and their children. Yet, children in working poor households remain the largest uninsured group, behind children in TANF families and more affluent households [2].

Some working poor families may also qualify for food stamps, housing assistance, child care subsidies, and other programs. Local communities may also offer food assistance programs, transportation assistance, and other supports. Whereas EITC and Medicaid are available and still under-used, other programs lack resources to meet the need in all communities. Housing and child care subsidies typically involve long waiting lists. For various reasons, many eligible families are not accessing resources they are eligible to receive.

Because available resources come from a variety of providers at the local, regional, state, and federal levels, workers may need to contact many different organizations to learn about them. Moreover, they need some

The Issues

The working poor are typically defined by researchers as individuals who work at least part of the year and earn less than a given percentage of the federal poverty level. No mater how you define the working poor, they are a group in great need of support.

Available Resources

- In 1997, it was noted that there were 15.8 million employed parents with incomes below 200 percent of the federal poverty level.
- Federal Earned Income Tax Credit can raise a full-time, minimum-wage earner's income above the poverty level.
- Studies on participation rates suggest that one fifth of eligible families do not participate in EITC.
- Medicaid and many health insurance programs are available for the working poor and their families.
- Some families may even qualify for food stamps, housing assistance, child-care subsidies, and other programs.

The Implications

- The working poor need information, assistance, skills to manage existing resources effectively, and training for a better job. Efforts need to include both information outreach and education strategies.
- Providing working poor individuals with information about available resources is an important first step.
- Programs need to provide accurate information to employers about assistance and support available in their community for the working poor.
- Employers need to need be encouraged to provide health insurance, retirement plans, and education to help employees maximize the benefits they are entitled.

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awareness that resources exist before they can seek to learn more about specific programs. Communities need to develop a comprehensive, easily understood guide to resources for distribution to the working poor target audience.

Providing working poor individuals with information about available resources is an important first step. To facilitate upward mobility and financial security, however, communities must also increase awareness among the working poor of existing opportunities for training and education leading to a better job. Federal and state student financial aid programs, for example, may often be used for other than two- and four-year degree programs, such as certification programs for specific occupations. The training vouchers called for in the 1998 Workforce Investment Act, when they become available, will be a particularly valuable resource for the working poor.

Information Outreach for Employers

Employers traditionally have not been a part of the social service information network in their communities. They may have little or no awareness of federal, state, and community resources for the working poor. Yet, employers provide a vital link to the target audience. Employers are often the first to hear about problems faced by workers. Workers may call in unable to work due to transportation problems, child care troubles, or other issues for which assistance may be available.

The availability of fringe benefits is another working poor issue. The working non-poor are significantly more likely to have benefits like sick leave, medical insurance, retirement plans, subsidized child care, and other fringe benefits than are the working poor [4]. When benefits are available, working poor individuals may lack sufficient understanding of these benefits to take full advantage of them. For example, many workers do not understand about employer matches for contributions to retirement plans, missing out on dollars to which they are entitled to receive. Employees may not understand that deducting for benefits before taxes are taken out of a paycheck means the cost of those benefits does not affect take-home pay as much as they expect. Employers need to be encouraged to provide health insurance, retirement plans, and education to help employees maximize these important benefits. Employers can promote the EITC and Medicaid programs as a way of raising wages and making sure employees have health insurance at no cost to the employer.

"The working non-poor are significantly more likely to have benefits like sick leave, medical insurance, retirement plans, subsidized child care, and other fringe benefits than are the working poor."

The current era of low unemployment means workers are in short supply. Employers have become more involved in community welfare-to-work and workforce preparedness efforts, primarily to ensure an adequate supply of skilled workers. They may work with universities, community colleges, technical, vocational, and public schools to develop training programs to improve the skills of area workers.

Communities need to develop educational programs that target employers. Programs need to provide accurate information to employers about assistance and support available in their community for the working poor. Employers may need convincing that referring workers to these resources is in their best interest. Search and training costs are high. Turnover is particularly high for entry-level, service positions.

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Connecting workers to the appropriate resources may help the employers' bottom line by reducing turnover costs. Moreover, research suggests that productivity increases when employees receive training to deal more effectively with problems they may face at home [1]. A knowledgeable employer can refer workers to the appropriate source of support, which in turn makes it less likely that worker will need to be replaced.

Education and Training for Workers

The training and educational needs of the working poor fall into two broad categories: life skills to manage resources more effectively, and training leading to a better job. Providing either type of training is a challenge. Time is in short supply at all income levels, but particularly for the working poor who may work two or more jobs or extra shifts to make ends meet. Tried and true educational delivery models of the past may not be the most effective means of reaching today's busy adult learners. The truth is that working poor individuals have little time for participation in workshops, seminars, and other educational programs. Innovative and creative delivery models are needed to reach and effectively teach this very hard to reach audience.

In the area of life skills education, the working poor need information about time management, money management, stress management, and how to balance the demands of work and family. Gaining financial management knowledge and skills can help families to manage their money more effectively and may well serve as an incentive to seek additional training leading to a better job. Parenting skills and information about child care can reduce parents' work interruption due to breakdowns in child care or problems at school.

Programs involving mentors, paraprofessionals, and work site delivery offer some of the best opportunities for reaching the working poor. Correspondence courses with printed materials, videos, and/or audio-tapes may also be an effective means for teaching certain topics to some individuals. Such courses allow participants to learn at their own pace on their own schedule. However, self-study may not be a particularly effective means for many individuals within the target audience. Many working poor individuals may require a more structured environment to gain new knowledge and develop new skills. Time is still an issue.

Building Community Capacity

Working poor issues are largely community issues. While the burden realizing self-sufficiency falls squarely on the shoulders of the working poor, individual communities bear some responsibility as well. Communities must have the capacity to support and facilitate the upward mobility of working poor residents. The working poor need access to better paying jobs; affordable and convenient child care; opportunities for developing and improving marketable skills; and other resources to make economic advancement possible. The bottom line is that a community must have an infrastructure in place that supports working parents and provides opportunities for advancement up the economic ladder.

Communities need to identify any barriers that may exist to upward mobility for the working poor, and develop creative solutions. Interagency councils, chambers of commerce, interfaith councils, and other broad-based community organizations can serve as vehicles for supporting the upward mobility of the working poor.

Public Awareness Campaign

The hidden message behind recent welfare reform legislation is that full-time work equals self-sufficiency. A single parent with two children who works full-time, year-round at the minimum wage earns $10,712 per year—about 77 percent of the federal poverty level. Providing unbiased, research-based information to national, state, and local media about working poor families can help focus attention on the needs of this audience. Moreover, incorporating information about efforts to address these needs provides another mechanism for reaching the working poor with information about available resources. Public policy makers can also use this research-based information to better understand and address the issues facing the working poor.

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Moving the working poor up the economic ladder towards self-sufficiency is a daunting challenge. Success will require multifaceted, interdisciplinary approaches and considerable innovation of delivery methods. While the working poor are ultimately responsible for their upward mobility, they cannot succeed in large numbers without the help of employers, communities, and policy makers. Working at the community level to develop action plans incorporating the strategies outlined above is an important first step towards reducing the working poor population in the rural South.

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